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**TESTIMONY OF  
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AMERICAN JEWISH COMMITTEE  
BEFORE THE  
CONNECTICUT STATE GENERAL ASSEMBLY  
ON  
H.B.5358, AN ACT PROHIBITING STATE CONTRACTS WITH ENTITIES MAKING  
CERTAIN INVESTMENTS IN IRAN  
FEBRUARY 22, 2013**

Members of the General Assembly and the Committee on Government Administration and Elections, it is a privilege to have the opportunity to offer testimony on behalf of the American Jewish Committee in support H.B.5358, an act prohibiting state contracts with entities making certain investments in Iran. AJC is grateful to Rep. Matthew Lesser of the 100<sup>th</sup> District for sponsoring this important legislation that will provide the State of Connecticut with a tool to address the grave threats posed by Iran's regime.

Utilizing the authority and protections provided by the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010, a number of states—including Florida, California and New York—have passed sanctions legislation to prohibit state contracting with entities that invest in Iran's energy sector. Bills similar to that being considered by Connecticut's General Assembly have resulted in billions of dollars being divested from Iran. The State of Florida alone already has directed its pension funds to divest nearly \$1.3 billion from these companies, unless the companies change their ways. Taken together, the divestment mandates already on the books at the state and local level affect more than half a trillion dollars in assets – a sum that is growing as grassroots concern spreads.

Iran's strained economy is the regime's Achilles' heel, and provides our most effective leverage – especially now, with oil prices sharply depressed. Current sanctions, put in place by the U.S., Canada, the EU and others, have cut Iran's petroleum exports in half and crippled its economy. Earlier this year, Rostam Qasemi, Iran's oil minister, admitted that petroleum exports and sales had decreased by 40 percent in the past nine months as a result of sanctions. Gholam Reza Kateb, the head of the parliament's budget committee, stated that declining oil sales and banking sanctions have caused a 45 percent drop in revenue. The International Energy Agency

and OPEC confirm that crude exports from Iran have plummeted from 2.4 million barrels a day at the end of 2011 to roughly one million barrels a day at the end of 2012. All of this has led to soaring inflation that has devalued Iran's currency by over 80 percent since 2011.

Yet Iran's defiant leaders have failed to respond. Just last month, in a letter to the International Atomic Energy Agency (IAEA), Tehran announced that it will install advanced uranium enrichment machines at its Natanz facility – and the latest reports from the IAEA confirm that these far-more-capable IR-2 devices are now in place. The Iranian regime openly signals that it is determined to push ahead with its illicit nuclear program.

The effects of the Iranian regime gaining a nuclear arsenal, whether for its own use or for export to the terrorist organizations it supports, would be calamitous. Already, Iran projects its power throughout the Middle East. And the international community's options for vigorous response would be constrained, for fear of provoking nuclear retaliation.

Nuclear arms would embolden Tehran to pursue its expansionist agenda even more aggressively. Nuclear weapons would embolden Iran's regime as it seeks to advance its extremist foreign policy, threatens moderate Arab states as well as Israel, funds and inspires radical movements across the Muslim world and exports terrorism, and provides financial and tangible military support, including sophisticated short and long-range missile systems, to terrorist organizations such as Hamas and Hezbollah.

Over the last 15 years, AJC has paid periodic visits to the Gulf, conferring with governments allied with the United States in the struggle against terrorism and extremism, and supportive of efforts to advance regional peace. We regularly hear on these visits the concerns of Gulf leaders about Iran's assertion of regional power, and its attempts to radicalize their societies. It isn't only Israel that perceives the perils of a nuclear Iran. From North Africa to the Levant to the Gulf, pragmatic Arab governments and civil society leaders recognize the danger of a further empowered Iran; many look to the United States for assurance that this nightmare can be averted, and that America will safeguard their security. Unless the United States and other powers act boldly and promptly, these governments may feel compelled to accommodate Iran, procure their own nuclear weapons, or both. These developments would assuredly destabilize the region, challenge U.S. power, and imperil the Nuclear Non-Proliferation Regime.

Iran already has a potent presence in the Palestinian territories and Lebanon – through its active support of Hezbollah and Hamas – and is a significant source of support for the brutal Assad regime in Syria. The Palestinian Authority, Egypt, Jordan, and others – not to mention Israel – are deeply concerned about Iran's activity. The threat would be magnified, and prospects for regional peace and the protection of human rights severely complicated, were Iran to possess nuclear capability.

A nuclear Iran could dominate the world's most abundant sources of energy – the Gulf and the Caspian Basin. Challenged, Iran could attempt to close the Strait of Hormuz – through which roughly 20 percent of the world's oil production passes. Or it might seek to realize its expansionist vision by taking territory from one or more of the smaller Gulf States.

The dangers of Iran actually launching a nuclear weapon, or transferring a nuclear device to a terrorist proxy, cannot be discounted or minimized because the consequences are too dire to discount. A dirty bomb in the center of Chicago, London, or Tel Aviv is, horrifyingly, in the realm of possibility. If Iran's leaders wished to make good on their oft-repeated promise to wipe Israel off the map, we could not necessarily rely on deterrence to dissuade them – not in a country whose rulers have demonstrated their willingness to sacrifice millions of their citizens to achieve their vision.

Iran is on the doorstep of nuclear arms capability. Stopping Iran's nuclear program is a matter of the greatest urgency – because Iran is so close to achieving nuclear capability, and because a nuclear Iran would alter the world as we know it in terrible ways. The United States has been a leader in mobilizing international support for addressing the Iranian threat. As Iran closes in on nuclear capability, we must continually ratchet up the price of its defiance. State-level sanctions like H.B.5358 – leveraging the authority given by CISADA to state and local governments to divest from entities that invest in Iran – can significantly assist the overall effort to halt Iran's nuclear program.

The American Jewish Committee strongly supports this legislation, and wishes to express our appreciation to Rep. Lesser for championing this important issue in the Connecticut General Assembly. On behalf of AJC's 175,000 members across the United States, I urge the Legislature to adopt this important measure, ensuring that no state funds end up in the coffers of the Iranian regime as it attempts to cross the nuclear threshold.